

SECURITIES

ON



05039903

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

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## FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 1/1/2004 AND ENDING 12/31/04  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

MetCap Securities, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
405 Lexington Avenue, 39th Floor

(No. and Street)

New York New York 10174  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Murray Forman (212) 370-3933  
(Area Code -- Telephone No.)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Rothstein, Kass &amp; Company, P.C.

(Name -- if individual, state last, first, middle name)

85 Livingston Avenue Roseland New Jersey 07068  
(Address) (City) (State) (Zip Code)

## CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

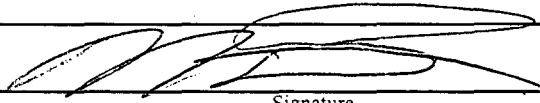
SEC 1410 (06-02)

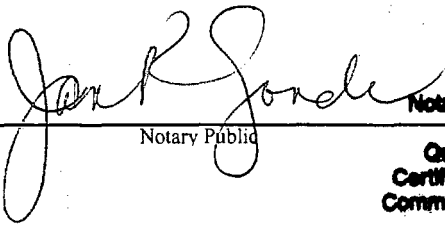
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5/21/05

## OATH OR AFFIRMATION

I, Murray Forman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MetCap Securities, LLC, as of December 31, 2004, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

  
Signature  
Manager  
Title

  
Notary Public

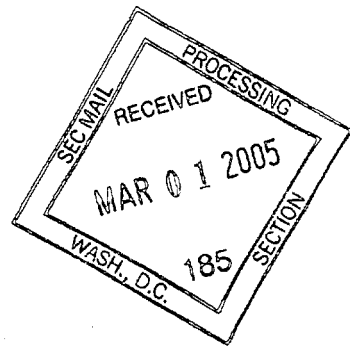
**JAN P. GOODE**  
Notary Public, State of New York  
No. 31-4838258  
Qualified in New York County  
Certificate Filed in New York County  
Commission Expires March 30, 2007

This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent auditor's report on internal accounting control.
- ☐ (p) Schedule of segregation requirements and funds in segregation--customers' regulated commodity futures account pursuant to Rule 171-5.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**METCAP SECURITIES, LLC**  
STATEMENT OF FINANCIAL CONDITION  
AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2004



# METCAP SECURITIES, LLC

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## INDEPENDENT AUDITORS' REPORT

To the Member  
MetCap Securities, LLC

We have audited the accompanying statement of financial condition of MetCap Securities, LLC as of December 31, 2004. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of MetCap Securities, LLC as of December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

*Rothstein, Kass & Company, P.C.*

Roseland, New Jersey  
February 11, 2005

# METCAP SECURITIES, LLC

## STATEMENT OF FINANCIAL CONDITION

December 31, 2004

### ASSETS

Cash	\$ 699,675
Other assets	<u>9,769</u>
	<u>\$ 709,444</u>

### LIABILITIES AND MEMBER'S EQUITY

Liabilities, accrued expenses	\$ 18,466
Member's equity	<u>690,978</u>
	<u>\$ 709,444</u>

# METCAP SECURITIES, LLC

## NOTES TO FINANCIAL STATEMENTS

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### 1. Nature of business

MetCap Securities, LLC (the "Company") is a New York limited liability company and is wholly owned by MetCap Holding, LLC (the "Sole Member"). The Company is registered as a broker-dealer with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers, Inc. (NASD). The Company's operations are primarily comprised of management advisory services and private placement of securities.

### 2. Summary of significant accounting policies

#### *Advisory Fees, Private Placement Fees and Commissions*

Advisory fees and private placement fees are recorded in accordance with the terms of the agreements. Commissions on private placement of variable life insurance contracts are recorded when earned.

#### *Income Taxes*

No provision for income taxes has been recorded because the Company is a limited liability company. Accordingly, its Sole Member reports the Company's income or loss on its income tax returns.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 3. Exemption from Rule 15c3-3

The Company is exempt from SEC Rule 15c3-3 pursuant to the exemptive provision under sub-paragraph (k)(2)(i) and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers".

### 4. Net capital requirement

The Company, as a member of the NASD, is subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn if the resulting net capital ratio would exceed 10 to 1. At December 31, 2004, the Company's net capital was approximately \$681,000 which was approximately \$676,000 in excess of its minimum requirement of \$5,000.

# METCAP SECURITIES, LLC

## NOTES TO FINANCIAL STATEMENTS

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### 5. Commitment

The Company leases office space under an agreement that expires May 30, 2005. The lease requires a fixed base rent of approximately \$19,000 per month, with additional rent due for electric charges. Approximate future minimum rental payments for the year ending December 31, 2005 are \$95,000.

Rent expense was approximately \$228,000 for the year ended December 31, 2004.

### 6. Concentrations

The Company maintains a cash account with a bank, which is insured for \$100,000 by the Federal Deposit Insurance Corporation. However, at December 31, 2004, the Company had in excess of \$100,000 in the account.

The Company earned advisory fees from two clients that individually comprised greater than 10% of total revenues. Fees from these clients totaled \$900,000 which accounted for 85% of revenues.